

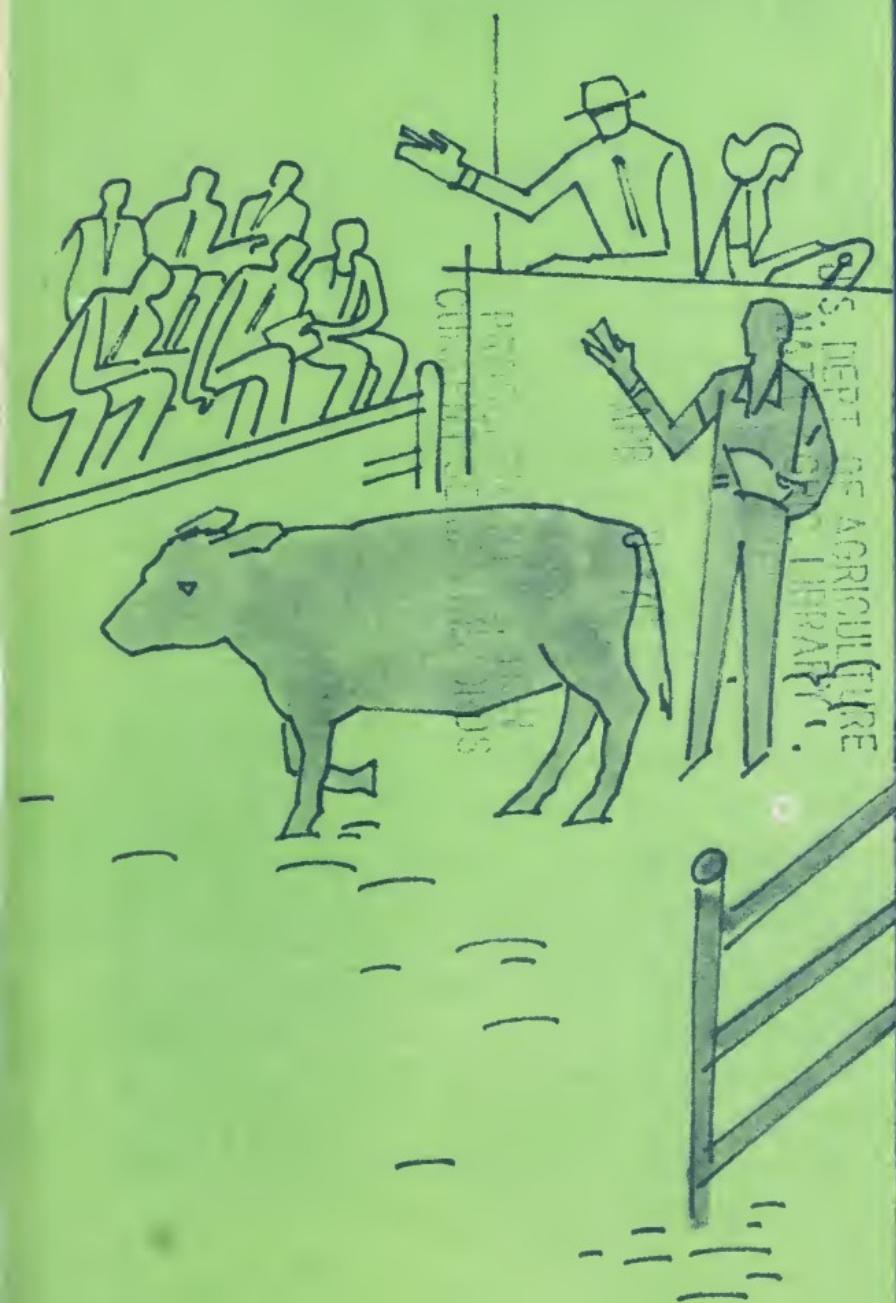
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PACKERS AND STOCKYARDS ACT

FAIR PLAY IN THE MARKETPLACE



HELPING PRODUCERS HELP THEMSELVES

PA-1019
PACKERS &
STOCKYARDS
ADMINISTRATION
U.S. DEPARTMENT OF AGRICULTURE

PACKERS AND STOCKYARDS ACT FAIR PLAY IN THE MARKETPLACE

The Law

The Packers and Stockyards Act is a Federal law regulating business practices of those engaged in livestock and live poultry marketing and meat and poultry packing in interstate and foreign commerce.

Regulations issued under the P&S Act set out rules for fair business practices and free, open competition in the purchase of livestock and poultry and in the sale of meats, meat products, livestock products in unmanufactured form, poultry and poultry products.

This law was passed by Congress in 1921 and last amended in 1968.

What It Means to You

The Packers and Stockyards Act:

1. Safeguards farmers and ranchers from marketing practices which would deprive them of true market value of their livestock and poultry.
2. Protects consumers against unfair business practices in the marketing of meats and poultry.
3. Protects members of the livestock and poultry and marketing and meat industries from unfair, deceptive, unjustly discriminatory, or monopolistic practices of competitors.

The Role of USDA

The Packers and Stockyards Act is administered by the U.S. Department of Agriculture.

The agency within USDA charged with carrying out the provisions of the law is the Packers and Stockyards Administration.

The P&S Administration maintains district offices, each of which is charged with administering the law in a specified area of the country. A list of these offices and the area covered may be found at the end of this publication.

Livestock Marketing

All interstate transactions in livestock—cattle, sheep, swine, horses, mules, and goats—are subject to the provisions of the Packers and Stockyards Act.

Subject to Regulation

More specifically subject to regulation under the law, when operating in interstate commerce, are:

Stockyards—both terminal and auction markets which charge for services and are open to the public.

Market agencies—persons or firms which buy or sell livestock on commission or furnish other services in connection with the purchase or sale of livestock.

Dealers—persons or firms engaged in the business of buying and selling livestock for speculative purposes.

Packer buyers—persons regularly employed by packers to purchase livestock for slaughter.

Meat packers—whether buying livestock at stockyards, at their packing plants or in the country.

To prevent possible conflicts of interest, packers may not do business as dealers or commission firms or own stockyards, and those businesses may not operate packing plants.

Posting

The P&S Act and regulations provide that public livestock markets operating in interstate commerce may be "posted." This means that notices are posted in three conspicuous places at the market stating that it is subject to the Act.

After USDA determines that a market is subject to posting, notice is published in the Federal Register giving all interested parties opportunity to voice objections. Provided no valid objection is raised, the market may be posted 15 days later.

Country buying stations, which are private markets, are not posted—although they are subject to the Act if their owners and operators make purchases or sales in interstate commerce.

Registering and Bonding

When a market is posted, the owner and the market agencies and dealers regularly operating there are required within 30 days to register with the U.S. Department of Agriculture and furnish bond coverage relating to their livestock purchases and sales and for the protection of patrons' funds.

Market agencies and dealers must show they are solvent when they apply for registration, and must maintain solvency while they remain in business.

Bonds are based on the volume of business transacted during the past 12 months. The minimum is \$5,000 for dealers and \$10,000 for selling agencies. Specific minimum bonds are required for specific types of transactions.

Farmers, ranchers, and feeders who are not dealers in interstate commerce are not required to register or file bond when buying to restock.

USDA also requires registration and bonding by

dealers and market agencies who buy direct in the country or operate buying stations if they buy, ship, or sell in more than one state or sell to meat packers who slaughter and ship in commerce.

Packer buyers are required to register as dealers buying for slaughter purposes only, but are not required to file bond.

Services, Facilities, and Rates

The Packers and Stockyards Act requires owners of livestock market agencies to furnish patrons with reasonable services and adequate facilities.

Charges for services and use of facilities must be reasonable and nondiscriminatory.

Within 60 days after a market is posted, the market owner and every market agency operating there must file with USDA and keep open to public inspection at the market a schedule showing all rates and charges.

Scales and Weighing

Any person or firm subject to the Packers and Stockyards Act and responsible for weighing livestock is charged with installing, maintaining, and operating scales so as to insure accurate weights.

The weighbeam or dial on livestock scales should be installed so that the entire weighing operation is visible to both buyer and seller.

Scales must be properly tested, to capacity used, not less than twice each year by a competent agency.

Scales must be operated by a properly instructed weighmaster, who is required to weigh to the nearest minimum graduation, giving no advantage to either buyer or seller.

Scales must be balanced not less than once every 15 minutes, or after 15 drafts, whichever occurs first.

Seriously numbered scale tickets with printed weight values must be issued and a copy of each kept on file.

Accounting

Every livestock market owner, market agency, and dealer subject to the Packers and Stockyards Act is required to keep "such accounts, records, and memoranda as fully and correctly disclose all transactions involved in his business, including the true ownership of such business by stockholding or otherwise."

No special system of bookkeeping is required as long as records reveal true nature of all transactions.

No false or fictitious name may be used in any records, scale tickets, sales sheets, or purchase sheets.

Each buyer and seller should receive a written account of his transaction, including an itemized listing of all charges made for yardage, feeding, and selling. Buyers and dealers must pay for the livestock by the close of business on the day following the purchase, unless there is a written agreement to the contrary.

Shippers' money must not be used to finance market operations or for the market owner's personal business but must be protected in insured banks at all times to assure payment to the shipper for livestock sold.

Employees of the Packers and Stockyards Administration check the accounts of market operators, commission firms, and dealers to make sure the provisions of the P&S Act are being observed and that the financial condition of the company is sound.

Business Practices

The Packers and Stockyards Act specifically prohibits any stockyard owner, market agency, or dealer subject to its jurisdiction from engaging in any "unfair, unjustly discriminatory, or deceptive practice or device" in connection with the "receiving, marketing, buying . . . selling . . . feeding, watering, holding, delivery, shipment, weighing, or handling" of livestock.

In addition, market agencies selling on commission are charged with seeing that bidding is open and competitive.

They should:

- Solicit buyers to attend sales.
- Represent the best interests of shippers to the market.
- Provide equal treatment to all shippers regardless of size or regularity of shipments.

But should not:

- Misrepresent quality of livestock.
- Finance dealers.
- Guarantee prices to be received on livestock shipped.
- Permit employees to buy out of consignment for speculative purposes.
- Permit auctioneers, weighers, starters, or clerks to buy out of consignment for any purpose.

Reparations

Anyone who believes that some violation of the Act by a dealer, market operator, or commission agent subject to the P&S Act has caused him loss or damage may petition for reparations. He must file his complaint in writing with the area supervisor, or directly with the Secretary of Agriculture, within 90 days after the transaction of which he complains has taken place.

Meat Packers and the P&S Act

Anyone buying livestock for slaughter is defined as a packer under terms of the Packers and Stockyards Act, provided that purchases are made across State lines or at a livestock market posted as subject to the Act.

Those who manufacture or prepare meats or meat food products for sale or shipment in interstate commerce are also packers, including wholesalers, fabricators, restaurant and hotel suppliers, and food chains who purchase meat in commerce for fabricating or other processing or preparation.

If a meat packer is engaged in interstate commerce, his purchase of livestock and poultry and his sales of meat, meat products, livestock products in unmanufactured form, poultry, and poultry products are subject to the provisions of the Packers and Stockyards Act.

General Requirements

A packer subject to the P&S Act may not:

1. Engage in or use any unfair, unjustly discriminatory, or deceptive practice.
2. Make or give any undue or unreasonable preference or advantage to any person or locality, or subject any person or locality to any undue or unreasonable prejudice or disadvantage.
3. Agree or arrange with any other packer to apportion purchase or sales territories or supplies for the purpose of, or with the effect of, restraining commerce or creating a monopoly.
4. Engage in any act for the purpose of, or with the effect of, manipulating or controlling prices, creating a monopoly, or restraining commerce.

Every meat packer is required to keep "such accounts, records, and memoranda as fully and correctly disclose all transactions involved in his business, including the true ownership of such business" and is subject to record and accounting re-

quirements similar to those listed under "Accounting."

In connection with his purchases and sales, the packer subject to the P&S Act is required to install, maintain, and operate scales so as to insure accurate weights and is bound by the requirements listed under "Scales & Weighing."

Purchasing Livestock

The packer is not required to register with the U.S. Department of Agriculture nor obtain bond, although his employed buyers are required to register as dealers "purchasing livestock for slaughter only."

Meat packers' buying operations in the country, at their buying stations and packing plants, as well as their operations at posted stockyards, are subject to provisions of the P&S Act.

Unjustified failure or refusal to pay promptly for livestock is a violation of the P&S Act.

Some packers buy livestock on the basis of carcass grade and weight. Specific regulations have been adopted to protect the interest of the seller when this method of buying is used.

All buying operations of packers subject to the Act must be conducted fairly and honestly, regardless of the place where the transaction is conducted.

All packers subject to the P&S Act, in accounting to producers for livestock purchased direct, must show the correct weight, price, and other information necessary to account fully and accurately.

Selling Meat, Meat Products, Poultry, and Poultry Products

No packer may misrepresent, in advertising or any other manner, the quality, grade, ingredients, weight, or manufacture of any product sold.

Products must be offered to competitors on a fair and nondiscriminatory price basis.

Allowances for advertising and promotional purposes and services offered to customers must be on a fair and nondiscriminatory basis.

Live Poultry Marketing

Poultry dealers and handlers are those who buy or acquire live poultry for sale or shipment in commerce. They are subject to the same general provisions under the Act as apply to packers.

In addition, certain specific regulations have been adopted for packers, dealers and handlers in their dealings with poultry growers. These regulations are concerned with contracts, accounting, records, and weighing of live poultry. They provide that the grower receive complete information, in writing, of all details of the transaction affecting his payment, including a copy of the contract.

Enforcement

Representatives of the USDA Packers and Stockyards Administration visit posted markets, meat packing plants, and buying stations to make sure that regulations under the law are being observed.

When violations are discovered, warnings may be issued or formal charges may be filed against the violators. These formal charges may result in the issuance of an order to cease and desist from the practice complained of. In serious cases, if the violator is a registrant, his registration under the P&S Act may be suspended for a specified period. This would bar him from conducting operations in commerce for that period of time. Criminal violations, such as false weighing or accounting, must be referred to the Department of Justice.

At any time a charge is made, the person or firm charged is given opportunity for a hearing to present his side of the case.

Anyone who feels that he has been treated unfairly by anyone subject to the Act may make a complaint to the P&S Administration's area supervisor. A complaint will be investigated without cost to the complainant.

All programs of the U.S. Department of Agriculture are available to everyone without regard to race, creed, color, sex, national origin, or political affiliation.

Packers and Stockyards Administration

Area Offices

Arlington, Virginia Office DEL., DIST. OF COLUMBIA, MD., VA., W. VA., N. CAR. Room 601-B, Bldg. RP-E 1621 N. Kent Street Arlington, Virginia 22209 Phone: AC 703-235-8662	Memphis, Tennessee Office ARK., LA., MISS., TENN. Room 459 Federal Bldg. 167 N. Main Street Memphis, Tennessee 38103 Phone: AC 901-534-3414
Atlanta, Georgia Office ALA., FLA., GA., S. CAR. Room 640, 1720 Peachtree St., N.W. Atlanta, Georgia 30309 Phone: AC 404-526-5845	North Brunswick, New Jersey Office CONN., ME., MASS., N.H., N.J., N.Y., PA., R.I., VT. 525 Milltown Road North Brunswick, N.J. 08902 Phone: 201-846-4500, Ext. 261
Denver, Colorado Office COLO., MONT., N. MEX., UTAH, WYO. 208 Livestock Exchange Bldg. Stockyards Station Denver, Colorado 80216 Phone: AC 303-837-3312	Omaha, Nebraska Office IOWA, NEBRASKA 435 Livestock Exchange Bldg. Omaha, Nebraska 68107 Phone: AC 402-731-4085
Fort Worth, Texas Office OKLAHOMA, TEXAS Rm. 7A15 Federal Bldg. 819 Taylor Street Fort Worth, Texas 76102 Phone: AC 817-334-3286	Sioux City, Iowa Office SUBOFFICE 310 Livestock Exchange Bldg. 800 S. Chambers Street Sioux City, Iowa 51107 Phone: AC 712-252-4161, Ext. 266
Indianapolis, Indiana Office INDIANA, KENTUCKY, MICHIGAN, OHIO Suite 24 537 Turtle Creek, South Drive Indianapolis, Indiana 46227 Phone: 317-269-6424	Portland, Oregon Office IDAHO, OREGON, WASHINGTON 9370 S.W. Greenburg Rd. Suite E Portland, Oregon 97223 Phone: AC 503-246-3395
Kansas City, Missouri Office KANSAS, MISSOURI 828 Livestock Exchange Bldg. Kansas City, Missouri 64102 Phone: AC 816-842-0717	S. St. Paul, Minnesota Office MINNESOTA, NORTH DAKOTA, SOUTH DAKOTA 208 Post Office Bldg., Box 8 S. St. Paul, Minnesota 55075 Phone: AC 612-451-6897
Lawndale, California Office ARIZONA, CALIFORNIA, NEVADA Rm. 2W6, Federal Office Building 15000 Aviation Boulevard Lawndale, California 90260 Phone: 213-536-6687	Springfield, Illinois Office ILLINOIS, WISCONSIN Emmerson Bldg. Annex State Fairgrounds Springfield, Illinois 62706 Phone: AC 217-525-4353

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